

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6936

BILL NUMBER: SB 339

NOTE PREPARED: Feb 12, 2009

BILL AMENDED:

SUBJECT: State Police 1987 Benefit System COLA.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides for a 1% cost-of-living adjustment (COLA) for members of the State Police 1987 Benefit System.

Effective Date: Upon passage.

Explanation of State Expenditures: This proposal provides an increase to a retiree of the State Police 1987 Benefit System who retired or was disabled after June 30, 1987, and before July 2, 2007, equal to 1% of the pension amount payable to a State Police trooper with 25 years of service as of June 30, 2009. The following table shows the impact of this proposal.

Increase in Unfunded Accrued Liability	\$1,420,000
Increase in Annual Funding	\$111,000
Increase in Annual Funding as % of Pay	0.17%

The funds affected are the state General Fund (50%) for \$55,500, and the Motor Vehicle Highway Account (50%) for \$55,500. These two funds support the State Police Benefit Systems.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Police.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Actuarial Assumption Factors used by the actuary in forecasting uncertain future events affecting pension cost. They involve such things as interest and investment earnings, inflation, unemployment, mortality rates and retirement patterns.

Unfunded Actuarial Liability - sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.